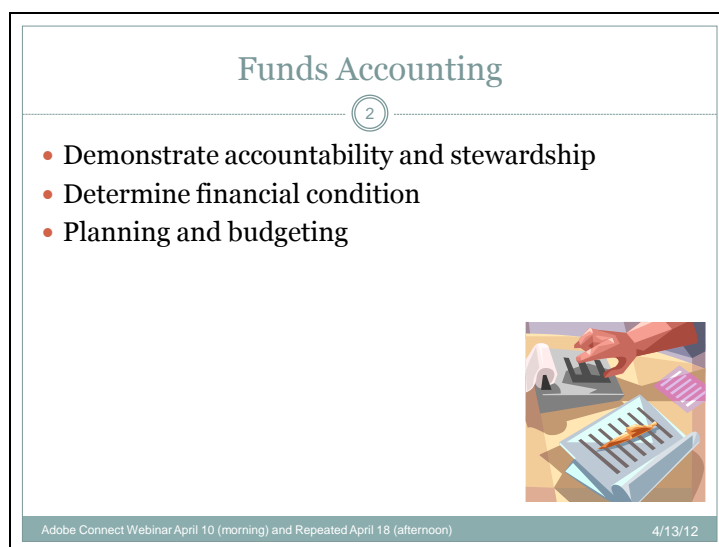


Slide 1



Slide 2




Slide 3

Funds Accounting

3

- Evaluate organizational and managerial performance
- Determine/forecast cash flow
- Communicate



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Slide 4

Funds Accounting

4


Library Funds (appropriated)	Agency Funds (non-appropriated)
<ul style="list-style-type: none">• Operating• Library Improvement Reserve Fund (LIRF)• Rainy Day Fund• Library Capital Projects Fund (LCPF)• Bond Interest and Redemption Fund (BIRF)	<ul style="list-style-type: none">• Evergreen Indiana• PLAC• Sales Tax

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Slide 5

Funds Accounting	
5	
Restricted Funds	Unrestricted Funds
<ul style="list-style-type: none">• State Technology Grant Fund• All appropriated funds	<ul style="list-style-type: none">• Gift
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Slide 6

Definitions
6
<ul style="list-style-type: none">• Fund Balance: Equity within a fund.<ul style="list-style-type: none">○ $\text{Assets} = \text{Liabilities} + \text{Fund Equity}$○ $\text{Fund Assets} - \text{Fund Liabilities} = \text{Fund Balance}$○ $\text{Assets} - \text{Claims Against Assets} = \text{Fund Balance}$○ Fund balance may also be known as Net Assets

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Slide 7

Bookkeeping

7

Budget	Financial Statements
<ul style="list-style-type: none">• Line Item• Budget Classifications• Ledgers: receipts and disbursements	<ul style="list-style-type: none">• Month to Month• Year to Date• Assets• Liabilities

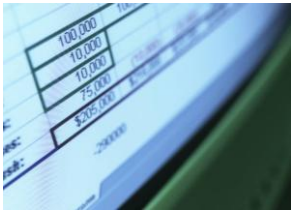
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Slide 8

Bookkeeping

8

- Post and balance ledgers
- Prepare monthly financial statement




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Slide 9

Agency Funds

9

- Transactions are recorded as a balance sheet item, not as income and expense.
- During fiscal closing, any balances in these agency accounts are transferred to a balance sheet payable account.




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Slide 10

Agency Funds

10

- Keep their accounting activity separate from other funds
- Funds in the Agency Fund group do not belong to the Library and are not reported in the Financial Statements.




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Slide 11

Financial Activity

11

- Track Expenses
 - Controllable
 - Semi-Controllable
 - Fixed
- Statement of Activity for Two Month Period Ended February 28, 2011
- Prior Year compared to Current Year Budget
- Current Year Actual
- Variance



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Slide 12

Statement of Activity for Two Month Period Ended February 28, 2011

12

Current Month				Year to Date				
Prior Year Actual	Current Year Budget	Current Year Actual	Variance	Revenues	Prior Year Actual	Current Year Budget	Current Year Actual	Total Current Year Budget
\$268,308	\$275,000	\$278,050	(\$3,050)	Dues	\$540,626	\$575,134	\$576,398	\$3,358,388
				Expenses				
				<i>Controllable Expenses</i>				
\$67,680	\$72,000	\$71,383	\$617	Salaries	\$95,880	\$102,000	\$102,766	\$641,243
\$920	\$1,000	\$1,003	(\$3)	Travel	\$9,049	\$9,500	\$9,050	\$53,543
\$5,344	\$5,500	\$5,308	\$192	Printing	\$9,944	\$10,600	\$10,405	\$62,400
\$3,906	\$4,100	\$4,156	(\$56)	Postage	\$9,568	\$10,000	\$10,093	\$61,600
\$427	\$450	\$421	\$29		\$839	\$875	\$871	\$5,166
\$471	\$500	\$491	\$9	Telephone	\$4,098	\$4,250	\$4,600	\$28,200
\$483	\$500	\$485	\$15	Miscellaneous	\$902	\$975	\$1,002	\$5,968
\$79,231	\$84,050	\$83,247	\$803	Subtotal	\$130,280	\$138,200	\$138,787	\$858,120
				Semi-Controllable Expenses				
\$9,292	\$10,000	\$9,969	\$31	Fringe Benefits	\$10,921	\$11,618	\$11,584	\$69,486
\$6,110	\$6,500	\$6,686	(\$186)	Payroll Taxes	\$7,789	\$8,286	\$8,448	\$50,434
\$1,599	\$1,760	\$1,850	(\$90)	Other Taxes	\$1,898	\$1,989	\$2,042	\$12,441
\$607	\$675	\$684	(\$9)	Utilities	\$1,206	\$1,300	\$1,227	\$7,590
\$17,608	\$18,935	\$19,189	(\$254)	Subtotal	\$21,814	\$23,193	\$23,301	\$139,951
				Fixed Expenses				
\$4,700	\$5,000	\$5,000	\$0	Rent	\$14,269	\$15,180	\$15,180	\$91,080
\$550	\$570	\$570	\$0	Lease Contracts	\$1,101	\$1,140	\$1,140	\$6,845
\$5,250	\$5,570	\$5,570	\$0	Subtotal	\$15,370	\$16,320	\$16,320	\$97,925
				Total Expenses				
\$102,089	\$108,555	\$108,006	\$549		\$167,464	\$177,713	\$178,408	\$1,095,996
				Increase (Decrease) in Unrestricted Net Assets				
\$166,219	\$166,445	\$170,044	(\$3,599)		\$373,162	\$397,421	\$397,990	\$2,262,392

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Slide 13

Cash Flow

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- Surplus
- Break even
- Digging financial hole




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Slide 14

Planning the Budget

14



External	Internal
<ul style="list-style-type: none">• Assessed Value in the Library District• Property Tax Caps• Growth Quotient	<ul style="list-style-type: none">• Reserves: Cash On Hand• Cash Flow• Rainy Day Fund• LIRF Fund• Investments

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Slide 15

Transfer of Funds

15

- Library Improvement Reserve Fund (LIRF)
- Rainy Day Fund



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Slide 16

16

Library Improvement Reserve Fund

- Capital Improvement
 - ✓ Purchase land and structures
 - ✓ Construction of buildings
 - ✓ Repairs or improvement of existing structures
 - ✓ Purchase or replacement of equipment

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Slide 17

17

LIRF FUND

- Written into annual budget
 - Determine number of years required to accumulate required appropriation*
- No limit
- Not associated with a separate tax rate
- Will count toward total budget in budget year appropriated

*Reference the Library Accounting Manual from State Board of Accounts, Chapter 3-3

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Slide 18

18

LIRF Transfer

- Transfer authorized by warrant from Operating Fund
- Treasurer endorses warrant and deposits
- Not to be set up in a separate bank account
- Actual transfer may occur at any time but before appropriation expires at end of year

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Slide 19

19

Rainy Day Fund

- Established to receive transfers of unused and unencumbered funds
- Funds other than operating may be added such as excess levy
- Resolution to establish Rainy Day Fund
 - ✓ Expenditures as authorized in IC 36-12-3-16
 - ✓ No more than 10% total budget in a calendar year

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Slide 20

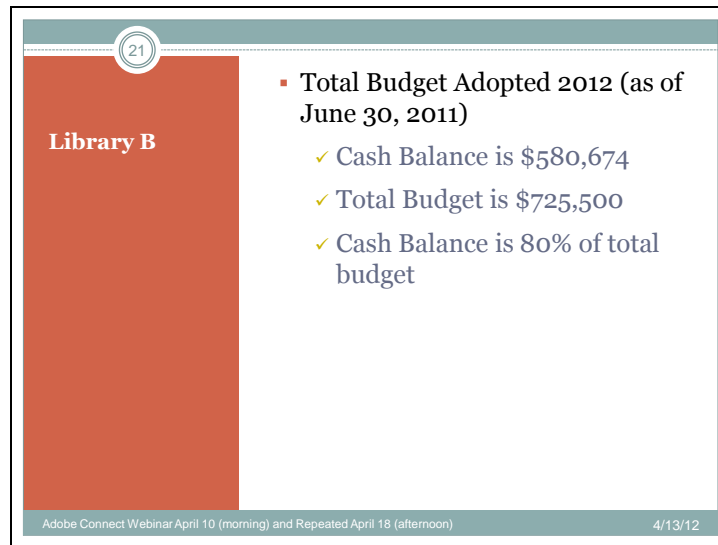
20

Library A

- Total Budget Adopted 2012 (as of June 30, 2011)
 - ✓ Cash Balance is \$370,776
 - ✓ Total Budget is \$2,042,772
 - ✓ Cash Balance is 18.2% of total budget

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Slide 21



Slide 21 features a red vertical bar on the left with the text "Library B" in white. To the right of the bar, a bulleted list provides budget details. A small circular icon with the number "21" is located in the top left corner of the slide content area. The footer of the slide contains two lines of small text: "Adobe Connect Webinar April 10 (morning) and Repeated April 18 (afternoon)" and "4/13/12".

21

Library B

- Total Budget Adopted 2012 (as of June 30, 2011)
 - ✓ Cash Balance is \$580,674
 - ✓ Total Budget is \$725,500
 - ✓ Cash Balance is 80% of total budget

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Slide 22

Library A

22

Year 2008	AV	TR	Levy	Cash Balance	Budget	Growth Quotient	Budget Growth Limit
Operating	\$1,296,905,260	0.0491	\$636,780	\$207,331	\$1,613,595		
Debt Service		0.0124	\$160,816	\$484,859	\$376,013		
L/R		0.0221	\$286,616	\$22,737	\$295,000		
LCPF		0.0074	\$95,971	\$52,660	\$125,000		
LIRF		0.0000	\$0	\$102,101	\$35,000		
no Rainy Day		0.0000	\$0	\$0	\$0		
Total		0.0910	\$1,180,183	\$869,688	\$2,444,608		
Year 2009							
Operating	\$1,135,725,879	0.0561	\$637,321	\$160,901	\$1,206,331		
Debt Service		0.0147	\$166,952	\$266,167	\$383,179		
L/R		0.0305	\$346,396	\$33,414	\$295,000		
LCPF		0.0133	\$151,052	\$45,199	\$177,265		
LIRF		0.0000	\$0	\$74,004	\$35,000		
Rainy Day		0.0000	\$0	\$139,386	\$74,000		
Total		0.1146	\$1,301,721	\$719,071	\$2,170,775	4	\$2,542,392
Year 2010							
Operating	\$1,126,764,020	0.0607	\$683,946	\$86,493	\$1,491,399		
Debt Service		0.0495	\$557,748	\$132,905	\$381,512		
no L/R reported		0.0000	\$0	\$0	\$0		
LCPF		0.0093	\$104,789	\$59,451	\$135,000		
LIRF		0.0000	\$0	\$39,291	\$13,053		
no Rainy Day		0.0000	\$0	\$0	\$0		
Total		0.1195	\$1,346,483	\$318,140	\$2,020,964	3.8	\$2,253,264
Year 2011							
Operating	\$1,107,178,710	0.0732	\$810,455	\$320,674	\$1,604,295		
Debt Service		0.0180	\$199,292	\$307,127	\$380,911		
no L/R reported		0.0000	\$0	\$0	\$0		
LCPF		0.0000	\$0	\$87,210	\$0		
LIRF		0.0000	\$0	\$0	\$0		
Rainy Day		0.0000	\$0	\$0	\$0		
Total		0.0912	\$1,009,747	\$715,011	\$1,985,206	2.9	\$2,042,777
Year 2012							
Operating	\$996,461,000	0.0960	\$957,000	\$113,584	\$1,661,100		
Debt Service		0.0375	\$373,566	\$257,192	\$381,672		
Total		0.1335	\$1,330,566	\$370,776	\$2,042,772	2.9	\$2,102,012

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Slide 23

Library B							
23							
Year 2008	AV	TR	Levy	Cash Balance	Budget	Growth Quotient	Budget Growth Limit
Operating	\$366,657,090	0.0648	\$237,594	\$120,639	\$439,565		
L/R		0.0396	\$145,196	\$49,058	\$172,000		
LIRF		0.0000	\$0	\$141,197	\$50,000		
Total		0.1044	\$382,790	\$310,894	\$661,565		
Year 2009							
Operating	\$305,281,267	0.0810	\$247,278	\$43,036	\$477,677		
L/R		0.0514	\$156,915	\$27,505	\$172,000		
LIRF		0.0000	\$0	\$106,739	\$37,580		
Total		0.1324	\$404,193	\$177,280	\$687,257	4	\$688,028
Year 2010							
Operating	\$316,924,090	0.0793	\$251,321	\$25,907	\$469,725		
L/R		0.0489	\$154,976	\$141,527	\$172,000		
LIRF		0.0000	\$0	\$0	\$45,000		
Total		0.1282	\$406,297	\$167,434	\$686,725	3.8	\$713,373
Year 2011							
Operating	\$325,227,712	0.0807	\$262,459	\$262,459	\$488,500		
L/R		0.0529	\$172,045	\$172,045	\$172,000		
LIRF		0.0000	\$0	\$0	\$45,000		
Total		0.1336	\$434,504	\$434,504	\$705,500	2.9	\$706,640
Year 2012							
Operating	\$339,167,074	0.0802	\$272,012	\$383,218	\$508,500		
L/R		0.0439	\$148,894	\$86,080	\$172,000		
LIRF		0.0000	\$0	\$111,376	\$45,000		
Total		0.1241	\$420,906	\$580,674	\$725,500	2.9	\$725,960

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Slide 24

24

Budget Reductions

- Across the board reductions
- Costing Activities and reducing
 - ✓ Collection
 - ✓ Cataloging
 - ✓ Outreach/Programming
 - ✓ Information Services

"Strategic planning and program budgeting for libraries." Robinson, Barbara M.; Robinson, Sherman. **Library Trends**, Winter94, Vol. 42 Issue 3, p420, 28p

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Slide 25

25

Expenses

- Controllable
 - ✓ Salaries, travel, printing and postage
- Semi-Controllable
 - ✓ Fringe benefits
 - ✓ Payroll taxes
 - ✓ Utilities
- Fixed
 - ✓ Rent, Lease

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Slide 27

Questions from Chat with Answers

27

- Our library has a memorial fund. Is that a gift fund?
 - ❖ “Yes.”
- Can you change what you transfer to LIRF?
 - ❖ “You cannot change what was approved on the approved budget. There are events in the year that change libraries ability to set aside the money into LIRF fund. If you fall short, there is not a requirement to submit paperwork. The appropriation expires at the end of the budget year.”
- Does the LIRF effect the growth quotient?
 - ❖ In the year that library appropriates a budget for the LIRF Fund there is an effect on the growth quotient.

Slide 29

Questions from Chat with Answers

29

- What is the date of the cash balance that is referenced on the DLGF Gateway?
 - ❖ “Cash balance is the balance on the ledger at the end of June and it includes investments. On the Budget Form 4b line 6 is the cash balance.”
- What is the relevance of the growth quotient?
 - ❖ “If the library’s total budget from the previous year does not exceed previous year by the growth quotient, the library board can approve the budget at a public hearing. If the library is over the growth quotient, then budget is reviewed by other fiscal authority, usually a county or town council, who issue a non-binding recommendation.”

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Slide 32

Budget Plan and Cash Reserve

32

- Do we need to budget for a reserve? For instance, if my book budget is \$50, should I list \$100?
 - ❖ “It is important to anticipate cost increases that occur during the 18 month budgeting target. Please include **realistic** allowances to meet the increase in expenditures.”

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Contact Information

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